

VZCZCXRO4345
OO RUEHDE RUEHDH RUEHDIR
DE RUEHAD #1062/01 3141304
ZNY CCCCC ZZH
O 101304Z NOV 09 ZDK
FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3076
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE
RHEHNSC/NSC WASHDC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RHMFISS/DEPT OF ENERGY WASHINGTON DC
RUEHUNV/USMISSION UNVIE VIENNA 0106
RUEHFR/AMEMBASSY PARIS 1057
RUEHKO/AMEMBASSY TOKYO 0325
RUEHUL/AMEMBASSY SEOUL 0140

C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 001062

NOFORN
SIPDIS

DEPARTMENT FOR ISN/NESS, EEB/CBA AND NEA/ARP
NSC FOR JOST
COMMERCE FOR ITA AND ADVOCACY CENTER

E.O. 12958: 11/09/2019
TAGS: [ENRG](#) [KNNP](#) [PGOV](#) [ECON](#) [ETRD](#) [AE](#)
SUBJECT: UAE NUCLEAR TENDER A BATTLE BETWEEN KOREA AND FRANCE

CLASSIFIED BY AMBASSADOR RICHARD G. OLSON FOR REASONS 1.4 B AND D

REFS: A) ABU DHABI 994
B) PARIS 1417
C) ABU DHABI 827

11. (C/NF) Summary: Abu Dhabi's upcoming award of a \$40+ billion nuclear power contract (reftels) has attracted the highest levels of diplomatic and commercial advocacy. Secretaries Clinton and Napolitano both recently advocated for the GE/Hitachi bid with Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed (MbZ), who said their bid is more than 50% more expensive than the Korean competition and GE/Hitachi negotiating teams have not been impressive. As French and Korean political pressure grows, MbZ reportedly told the Korean FM that the French have tied the nuclear deal to broader cooperation. While most indications continue to point to a Korean win, the French may yet pull off a commercial miracle. End Summary.

12. (C/NF) On October 31, Secretary Clinton advocated for the GE/Hitachi bid during a meeting with MbZ, Foreign Minister Abdullah bin Zayed and Executive Affairs Authority Chairman Khaldoon Al Mubarak. MbZ told the Secretary simply that the GE/Hitachi bid was "too expensive." When Secretary Napolitano advocated on November 8, MbZ was more expansive in his comments. He said a decision would be made "soon," but the GE and Japanese bid was not in good shape. MbZ complained the Japanese were too "hands off" in their approach, noting he had personally spoken to the Japanese Prime Minister about the matter. In comparison, the French and Koreans appear much more serious and committed to winning, having dedicated significant staff to their bids; MbZ added that he has spoken at length to both the Korean President and Sarkozy. The UAE will spend a lot of money and is well aware that a nuclear power plant is a 100 year commitment, and so wants a serious partner. The Ambassador stressed that the GE-Hitachibid has more advanced technology (ABWR), safety and non-proliferation benefits, but MbZ responded firmly, "They are too expensive. Not by 20 percent, or 50 percent, but by more than 50 percent."

13. (C/NF) On November 9, the Ambassador advocated for GE's bid with one of MbZ's key advisors on US-UAE relations. The advisor responded that the vast price difference was impossible to overcome with political advocacy. However, the cost difference was such that the advisor was unwilling to weigh in. He added that the AREVA bid was closely behind the GE-Hitachi bid, i.e. very expensive, further suggesting KEPCO has a significant advantage in the tender. (Comment: Since we have not seen the bids, which are the subject of a non-disclosure agreement with the UAE, we cannot evaluate whether the cost figures cited refer to the entire project, or some sub-component of the bid, a possibility that GE has flagged for us.

We have told GE that we are simply passing on what we have received from UAEG. End Comment.)

14. (C/NF) The Ambassador shared MbZ's concerns with Japanese Ambassador to the UAE Tatsuo Watanabe on November 10. Watanabi commented that because of the change in Government in Tokyo decision-making has been slowed, but promised to convey the points. Separately, the Ambassador has repeatedly briefed GE Regional Nabil Habayeb, GE's President and CEO for the Middle East and Africa, who said Hitachi and KEPCO officials will meet with MbZ in the coming week. He also said GE Chairman and CEO Jeff Immelt is encouraging the Japanese PQQ/Xt1Qdj:N,QO. Han said that MbZ told the Korean that French President Sarkozy had called him that day to advocate for AREVA's bid. MbZ reportedly said that the French are tying the nuclear bid to other bilateral issues, including military and security cooperation, inferring he must take such considerations into account. Han said the Koreans were very concerned that political factors were at play, as Korea has relatively limited political clout in the UAE.

16. (C/NF) Comment: As reported in Ref C, AREVA's only advantage has long seemed to be political. Recent concerns about AREVA's technology from UK, French and Finnish regulators, combined with AREVA's scheduling problems in Finland and China, had seemed a death toll for the French bid here. However, MbZ's comments about French

ABU DHABI 00001062 002 OF 002

linkage raise fresh doubts as to whether KEPCO has the bid locked up. As for timing, it now appears the UAE may hope to complete key legal steps (the US-UAE 123 Agreement, the UAE nuclear liability law, and the establishment of ENEC) before awarding the tender. It is looking increasingly unlikely an announcement will be made in November. End Comment.
OLSON